



DRAFT MEETING MINUTES

CITY OF SCOTTSDALE HOUSING BOARD REGULAR MEETING ONE CIVIC CENTER 3RD FLOOR CONFERENCE ROOM 7447 EAST INDIAN SCHOOL ROAD SCOTTSDALE, ARIZONA JULY 18, 2006

PRESENT: Del-Monte Edwards, Chairman
Joe Priniski, Vice-Chairman
George Leonard, Board Member
Gary Morgan, Board Member
Sheldon Sigismund, Board Member
Michele Swinick, Board Member

ABSENT: Nancy Cantor, Board Member

STAFF PRESENT: Mark Bethel, Community Assistance Office (left at 6:29 p.m.)
Connie James, Human Services (left at 6:29 p.m.)
Judy Register, C & SR General Manager

GUEST: Jonathan Athens, Tribune Reporter (left at 5:49 p.m.)

1. CALL TO ORDER/ROLL CALL

Chairman Edwards called the regular meeting of the Scottsdale Housing Board to order at 5:03 p.m. A formal roll call confirmed the members present as stated above.

2. REVIEW AND APPROVAL OF PREVIOUS MINUTES

June 13, 2006 Housing Board Meeting

BOARD MEMBER LEONARD MOVED FOR APPROVAL OF THE JUNE 13, 2006 HOUSING BOARD MEETING MINUTES. VICE-CHAIRMAN PRINISKI SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0).

3. **2006-07 CDBG REVIEW PROCESS**

Mr. Bethel presented a Preliminary Timeline for the City of Scottsdale's Community Development Grant and Home Program Funding for 2007/2008. He provided an overview of key dates on the timeline related to the CDBG application process.

Mr. Bethel reported that Applicant Orientation is held on October 3, 2006 and they invite approximately 400 agencies. At the Orientation the packet and regulatory requirements are reviewed, and agencies come to discuss specific proposals they intend to submit by the November 17th deadline.

Mr. Bethel stated that January 25, 2007 is the Human Services Commission meeting where they review key proposals. He reported that a quorum must be present at the following meetings:

February 5, 2007	CDBG and HOME presentations
February 7, 2007	General Funds, Scottsdale Cares, and Endowment Fund presentations
February 22, 2007	Funding deliberation/informal discussion on all 5 program presentations
March 8, 2007	Formal recommendations are made
April 17, 2007	City Council votes on approval of CDBG, HOME, General Funds, Scottsdale Cares, and Endowment Funding.

Mr. Bethel presented allocation charts for the City of Scottsdale's CDBG/Public Service Allocations—charting from 2001/02 all the way into 2007/08. He explained that it also provided an overview of Scottsdale's position in the HUD Administration's Funding Proposal submitted to Congress for the upcoming year.

Mr. Bethel stated that chart #1 reflected the total amounts HUD funded Scottsdale's CDBG program for the past 5 years; chart #2 reflected the total amounts HUD funded the CDBG Public Services program. Both charts included his funding projections for the next five years based on HUD's suggested 25% reduction in all CDBG programs made to Congress.

Mr. Bethel reported that there was a downward trend in 2003/2004, which was the year with the largest funding and the year the form allocations were adjusted to include the 2000 census population increase. Since 2002/03 there has been a 15% gradual decrease.

Mr. Bethel explained that this information had also been presented to the Human Services Commission. This raises a concern about public service dollars, since they usually have up to 15 applicants vying for their allowed 15% allocation.

In response to Chairman Edwards inquiry about the Section 8 program, Mr. Bethel explained that those program figures were not included in the charts. The Senate Appropriation Committee is still deliberating funding, and they will not know anything for a couple of months. Mr. Bethel reported that the House is more aggressive regarding reducing funding.

Mr. Bethel pointed out that they are more concerned about the Reform Bill to change the formula allocation for entitlement communities, outlining the variables factored into the formula calculation. As a result of HUD's recent study, they found the current formula to be antiquated and recommend it be revised to emphasize a focus on reducing poverty.

Mr. Bethel explained that HUD recommended a 45% decrease in the City of Scottsdale's funding since poverty is weighed very heavily. The suggested formula variables were: persons living in poverty is weighted at 15%, female heads of household with children under 18 is weighted at 10%, housing overcrowding is weighted at 10%, and housing units 50 years or older and occupied by a household living in poverty is weighted at 30%. Mr. Bethel reported that in light of these changes, approximately 100 entitlement communities are in danger of losing their funds.

Mr. Bethel reported that the HUD representatives have indicated that if the Bill is passed it will take a couple more years to write and implement any new regulations.

Mr. Bethel reported that they expect to get more funding for home funds, and the funding for the American Dream down payment initiative will be doubled in comparison to the past year. He reported that they expect to know more about the 2006/07 funding by November/December.

In response to Board Member Morgan's inquiry about the Board's time involvement in the CDBG Program, Mr. Bethel explained the importance of the Board's participation in the deliberation of hearing the proposals and providing recommendations and input. He suggested that the Board at a minimum attend the January 25th, February 5th, and the February 22nd, 2007 meetings.

Ms. James stated that at the January 25th and February 22nd, 2007 meetings, they would arrange the presentations so that the Housing Board would only have to stay for the first part of the meeting, and on February 5th they would need to attend all day.

In response to Vice-Chair Priniski's inquiry, Board Member Morgan reported that last year's program set-up was highly successful. The wider the range of citizens involved, the stronger the program's future success. Board Member Morgan volunteered to participate in next year's program on behalf of the Housing Board.

Chairman Edwards commented that the Housing Board's participation enhances the program. He suggested that the Board discuss the possibility of other members going through the process besides Board Member Morgan and himself. Ms. James stated that the Human Service Commission welcomes the Housing Board's involvement also. Ms. Register indicated that she would add this to the August agenda as a discussion topic.

4. **SKYSONG PHASE III**

Chairman Edwards stated that after Ed Gawf's SkySong presentation, the Board had questions as to what they should be doing in relation to the project. City Council voted on Skysong's new lease the day after the presentation, leaving the Board out

of the apartment discussion. Chairman Edwards indicated that the Board is now only to be involved in the design input.

Ms. Register reported that the Development Review Board's meeting for August 24, 2006 has been pushed by approximately 60 days to allow for more public input. Board Member Morgan presented the July 18, 2006 *Tribune* Article entitled "SkySong hit by another setback."

Board Member Sigesmund stated that he discussed his concerns about the exterior design of the apartments with Mr. Gawf before his presentation and he requested that I send him the concerns in writing. He opined that the Housing Board should have input into any Scottsdale housing development that has public monies involved in it.

Chairman Edwards commented on the Housing Board's role being more advisory and should continue to keep pushing the envelope. Mr. Sigesmund pointed out that the design has been set back at least 60 days to allow for citizen input, which includes the Housing Board.

Chairman Edward agreed that the Board should get involved in the discussion on the SkySong exterior design since it was not included in the earlier stages of the project. Discussion followed regarding the Housing Board preparing a letter addressed to City Council and the Design Review Board relaying its recommendations as a result of its evaluation of SkySong presentations.

Ms. Register suggested that Board members present specific suggestions at future public hearings on SkySong as individuals. Discussion ensued, clarifying that the Board should not relay specific dislikes but instead provide great examples of contemporary design that fit Scottsdale's environment.

Chairman Edwards commented that the Board should be careful not to step on the purview of other departments. They should build new liaisons by providing input into the other departments' processes.

Board Member Morgan pointed out that the criteria for the SkySong apartments was to provide residential space at market rate for people who want to live and work at SkySong. Board Member Sigesmund stated there were no provisions made in the lease allowing for affordable housing, or to ensure that energy-efficient material was to be used on the property. Chairman Edwards pointed out that there might be an opportunity in the future to address this issue if there is a second phase to the apartments portion of the project.

Board Member Sigesmund suggested that they consider making a motion addressing Mr. Gawf's presentation to the Housing Board, relaying the Board's opinion on the design issue. Ms. Register pointed out that the new agenda format does not show an action is required so the Board can make a motion if it so desires.

In response to Chairman Edwards' inquiry about missing information under the Public Comment section of the Agenda, Ms. Register stated that she would have to provide it at a later date.

FIRST MOTION

Board Member Sigesmund made a motion that the Housing Board forward a commentary to City Council regarding the presentation made to it by Ed Gawf on the SkySong project, describing the exterior design of the apartment development as presented to the Board as being sterile and lacking in warmth and giving the impression of row housing. Vice-Chair Priniski seconded the motion.

Chairman Edwards agreed that they should send a commentary to City Council, pointing out that Council has already decided that the design was inadequate and lackluster. The motion would come across as confirming what Council has already said versus the Board coming up with a newly directed recommendation. Board Member Sigesmund noted that since they missed the special meeting and had to wait until this meeting, they are now behind the curve.

FIRST AMENDED MOTION

Board Member Sigesmund made a motion that they submit a commentary to Council indicating that the Board totally agrees with their position regarding this project, and looks forward to having a new design presentation made to the housing Board in a timely manner in the future, at which time the Board will convey its input to Council.

Board Member Morgan opined that type of commentary would insert the Board into the process by showing interest and support. Board Member Sigesmund suggested that they adjust the wording to reflect that the presentation was made at a late stage in the project, not allowing for comment in a timely manner.

Vice-Chair Priniski pointed out that a memorandum usually includes recommendations or thoughts on design. Discussion ensued regarding the definition of a more appealing exterior design of the SkySong apartments. Board Member Morgan suggested that they use words like "creative" and "innovative." Board Member Leonard suggested "a design that fits the overall image of Scottsdale."

Board Member Sigesmund pointed out that they should keep the theme of the overall project making an improvement to the exterior design.

SECOND AMENDED MOTION

Board Member Sigesmund corrected the motion to state: "Upon further review of the written proposal of the SkySong apartment project as made to us by Ed Gawf, we are providing a commentary to Council that we agree with their decision as to the lack of acceptable design. Our major design concerns were... We look forward to the subsequent revised design presentations made to us in a timely manner so we can again forward a commentary to Council."

Board Member Sigesmund indicated that he would like the Board to come up with a list of concerns regarding the design that they found unsatisfactory, such as the row housing effect and the sterility of the exterior. Board Member Swinick pointed out that the design influences shown in the SkySong packet do not reflect the final design chosen.

Ms. Register suggested that today's motion indicate that the Board agrees that something will be sent to the Council conveying that the Board concurs with the suggestion that the design is unacceptable, providing Board Member Sigesmund time to wordsmith the rest of the commentary for submission to the Board via email for comment by Friday. Ms. Register would then finalize it for the August meeting.

RECALLED MOTION

Board Member Sigesmund recalled his motion and Vice-Chair Priniski seconded the recall.

FINAL MOTION

BOARD MEMBER SIGESMUND MOVED THAT THE HOUSING BOARD PUT FORTH A RECOMMENDATION TO CITY COUNCIL AS TO THE PRESENTATION MADE TO THE BOARD BY ED GAWF ON THE SKYSONG APARTMENT DESIGN. THE BOARD FURTHER CONCURS THAT THE SKYSONG APARTMENTS DO NOT MEET THE DESIGN STANDARDS FOR A HIGH PROFILE SCOTTSDALE APARTMENT COMPLEX. VICE-CHAIRMAN PRINISKI SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0).

In response to Chairman Edwards' inquiry as to the motion having room for reasons why the Board did not like the design, Ms. Register stated that motion should stand as it is and she would attach a copy of the letter to the July minutes. She indicated that no one is expecting anything of the Housing Board, the Board is just stepping up to provide input and be a part of the SkySong project.

5. CONDOMINIUM CONVERSIONS (Report on Meetings with Mayor and Council)

Chairman Edwards introduced Jonathan Athens, a *Tribune* reporter interested in the Housing Board's Condo Conversion Report.

Chairman Edwards reported that he and Board Member Leonard had met with all City Council members over the past two weeks. The report was generally well received and they ended all meetings with the question "What does City Council want from the Housing Board?" He stated that the results had been condensed down to a couple of pointed questions.

Chairman Edwards reported that Council would like to see the Condo Conversion Report on the City Council Study Agenda as a joint meeting with the Housing Board. Ms. Register pointed out that the Mayor requested that it be set for the September Agenda, and staff had not yet received a specific date.

Board Member Leonard indicated that one Council member lives in a condominium and was more attuned to some of the challenges involved with condo conversion. Chairman Edwards stated that the Board has their attention.

Chairman Edwards pointed out that the discussions were primarily centered on the database and multi-family disclosure form. He stated that Council recognizes that

the second part of the report requires other cities to help them go to the State Legislature to change the statute.

In response to Board Member Sigesmund's inquiry about the statute, Chairman Edwards pointed out that Council recognized the limitations and the need for change. A couple of the Council members stated that Scottsdale has always been ahead of the curve on housing issues and would like to continue to be a leader.

Ms. Register provided an overview on how a two-hour study session works, explaining that it is just a discussion held with City Council at the Kiva with no voting. The Housing Board could prepare a PowerPoint presentation for the discussion covering issues brought up by Council Members:

1. Database Information—explaining how it is useful and what the Board would do with it.
2. Multi-Family Disclosure Form—what are other cities such as Santa Monica doing, as mentioned by the Mayor.
3. Answers to all questions brought up at the meetings and the study session.

Ms. Register reported that staff expects to meet in August to review agendas, and expects to find out if they will be on the September agenda.

In response to Board Member Morgan's inquiry about the presentation, Ms. Register suggested that Chairman Edwards do the presentation with Housing Board members attending in a supportive role. Explaining that it is an open meeting where City Council discusses the presentation among themselves, allowing attendees to participate by assisting with answering the Council's questions. Topics such as the Transfer Disclosure form may be required to come back as an action item for voting.

In response to Board Member Morgan's inquiry about City Council's response, Board Member Leonard reported that they were all surprised that it just took an application and fee to initiate a condo conversion. Council was also concerned that the Housing Board may be initiating a program to impede condo conversions. Board Member Leonard stated that during the meetings they mentioned health and safety issues related to affordable housing and the problems they might cause the City.

Board Member Sigesmund suggested that Donna Bronski, the City Attorney, attend the August meeting to ensure that the presentation is within the Arizona Statutes and to assist with language. Board Member Leonard suggested that they assign certain sections of the Report to Board Members for knowledge responses during the presentation.

In response to Vice-Chair Priniski's inquiry about what questions need to be addressed, Ms. Register agreed to email the Board a list of the questions proposed by City Council, along with a list of the current condo conversions, before the August meeting.

In response to Board Member Sigesmund's inquiry about proposed conversions that have been retracted, Ms. Register pointed out that there are different categories for

the applications and she would check with the Planning Department on the status of any retractions.

6. **ANNUAL RETREAT (Discussion on Date and Retreat Topics)**

Ms. Register stated that the Board needs to choose possible dates for the retreat, they need to decide whether it should be in lieu of a regular meeting or in addition to the monthly meeting, and they also need to clarify what topics are to be discussed with regards to housing.

Board Member Morgan pointed out that he would be out of town from September 10, 2006 through October 18, 2006. He presented an outline of suggested topics for the retreat.

Board Member Morgan reported that Ed Gawf previously indicated that he was anxious to meet to discuss new innovative affordable housing options along Scottsdale Road from SkySong to downtown. Mr. Gawf thought that some of the commercial property not being used could create a potential for new housing in possible small clusters. Mr. Gawf also indicated that he would be interested in discussing market rate apartments in low-income target neighborhoods such as Bellevue or Holiday Park.

Ms. Register proposed that since staff previously discussed having a joint Housing Board and Neighborhood Enhancement Commission meeting, it could be considered for the retreat.

Board Member Sigismund opined that the retreat should be used to explore where the Board is going, to define its objectives and Mission Statement, what the Bylaws provide, etc. He would like to see the Board reinvent itself to be ahead of the curve.

Board Member Sigismund recalled that last year's retreat was not long enough for the presentation discussion, and suggested that the top priority be allowing enough time for discussion.

In response to Board Member Leonard's comment that the broad parameters have already been established, Board Member Morgan stated that it was on his list because the new members may have not had time to review the duties and responsibilities of the Housing Board. Board Member Morgan agreed that his list is too much for the retreat, explaining that it should be broken down over time.

Chairman Edwards stated that he deleted half of Board Member Morgan's list, indicating that he agreed with:

1. Review duties and responsibilities of the Board;
2. Updating where the Board stands and its objectives, a yearly benchmark;
3. Focus on Policy and picking the next topic of discussion;
4. Citizen group opinions.

Chairman Edwards noted that housing is the big issue, evident by Mr. Gawf's interest in discussing affordable workforce housing. He reiterated that the main focus should

be affordable housing in Scottsdale, which does not mean subsidized or low-income housing. He suggested that the Board come up with a policy that helps City Council deal with the lack of workforce housing in the City.

Chairman Edwards explained that the reason the Board's City Code language was left broad was to provide flexibility in approaching different issues. Board Member Morgan opined that he would like to discuss the mechanics of how the Board operates possibly via email instead of the retreat. Ms. Register reported that City Council would be scheduling a retreat open to the public possibly in October, and that she would notify Board Members so they can attend.

Vice-Chair Priniski elaborated that City Council is speaking on behalf of the citizens. If the citizens raised heck about housing then it would become a priority. Board Member Sigismund stated that the Housing Board is a think tank putting forth the thinking of Scottsdale citizens on topics such as condo conversion. Board Member Morgan recommended that they get more citizens' opinions on Board topics.

Retreat Topics:

Ms. Register highlighted that the Board agreed that the retreat would include:

1. A review of the Purpose and Bylaws of the Board;
2. A significant discussion with Mr. Gawf and others to discuss the concept of affordable workforce housing, subsidized and low-income housing, an action plan for low income neighborhoods (specifically the three discussed);

Ms. Register reported that she would be attending a Governor's Forum on Housing the weekend of September 7, 2007 in Tucson. She commented that the Board could use the meeting as an opportunity to learn more about housing.

Ms. Register and Board Member Sigismund stated that they would not be able to attend the August 8th monthly meeting, and someone would have to fill in for Ms. Register.

Retreat Date and Time:

Chairman Edwards reported that at the August 8th meeting they would be primarily working on the PowerPoint presentation. He noted that the retreat should be held after City Council's meeting in September, in order to discuss the results.

The consensus of the Board was that the Retreat would be held on Thursday, October 19, 2006 starting at 1:00 p.m. possibly held at the Human Resources building. Ms. Register agreed to arrange for an outside facilitator.

7. CHAIRPERSON'S REPORT

There was no Chairperson's Report.

8. STAFF REPORT

Ms. Register reported that recruitment should be opened next week in order to have a new Staff Liaison by Labor Day. Ms. Register agreed to email all Board members the housing form information regarding the Tucson conference along with the Staff Job Liaison job description.

9. **FUTURE AGENDA ITEMS**

Ms. Register agreed to add to the August agenda a discussion on Board members going through the CDBG program process along with involvement with the Human Services Commission.

Ms. Register reported that the preparation of the PowerPoint presentation would be added to the August meeting agenda, with the inclusion of the City Attorney Donna Bronski.

Ms. Register agreed to finalize the SkySong commentary for submission to City Council by the August meeting and will be attaching it to the July Minutes for approval.

Board Member Morgan pointed that on May 9th they had prepared a list of housing topics that were supposed to be discussed today. Ms. Register reported that those topics included: modular housing, Planning Department —Frank Gray's staff come to speak at meeting, mutual housing, and housing trust funds. Discussion followed regarding a Calendar of Events being prepared during the retreat.

Ms. Register explained that the list needed prioritization and pointed out that two additional topics discussed tonight should be included on the list: a continuation of the condo conversion report, and the Ed Gawf discussion on affordable workforce housing.

Board Member Morgan recommended that they evaluate the topic list at the August meeting. Chairman Edwards suggested that put time limits on the discussion of topics in order to get through everything on the agenda. Ms. Register suggested that each member self-prioritize the topics they wish to pursue further and email their response to her for organization.

10. **OPEN CALL TO THE PUBLIC** (A.R.S. § 38-431.02)

No members of the public wished to address the Board.

11. **ADJOURNMENT**

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 7:19 p.m.

Respectfully submitted,
A/V Tronics, Inc.